



CABINET FOR HEALTH AND FAMILY SERVICES
DEPARTMENT FOR MEDICAID SERVICES

Steven L. Beshear
Governor

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Janie Miller
Secretary

Elizabeth A. Johnson
Commissioner

March 31, 2009

Mary Kaye Justis, RN, MBA
Acting Associate Regional Administrator
Division of Medicaid and Children's Health Operations
Centers for Medicare and Medicaid Services
61 Forsyth Street, SW, Suite 4T20
Atlanta, Georgia 30303-8909

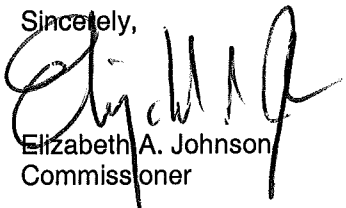
Dear Ms. Justis:

Kentucky Title XIX State Plan Transmittal No. 09-003,
Inpatient Hospital Supplemental Payments

Enclosed is a copy of the Kentucky Title XIX Transmittal Number 09-003. This plan amendment is a revision of the Inpatient Hospital Supplemental Payment provisions. Hospitals paid using the diagnosis related group methodology may qualify for up to, but not to exceed, an aggregate total of \$195,000,000 in supplemental payments to be paid over the period of eight quarters beginning with the first quarter of calendar year 2009. The federal share for FFY 2009 is \$75.83 million and for FFY 2010 is \$59.0 million. The hospital upper payment limits shown in 42 CFR Part 447 shall not be exceeded.

If additional information is needed, please contact my office at 502-564-4321.

Sincerely,



Elizabeth A. Johnson
Commissioner

EJ/RD/NW/SO/kf

Enclosure

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

1. TRANSMITTAL NUMBER:
09-003

2. STATE
Kentucky

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE
March 1, 2009

5. TYPE OF PLAN MATERIAL (*Check One*):

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate Transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION:
Title XIX, Section 1902(a)(13); 42 USC Part 447.200-299

7. FEDERAL BUDGET IMPACT:
a. FFY 2009 - (\$75.83 million)
b. FFY 2010 - (\$59.0 million)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-A, page 19.1

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*):
None

10. SUBJECT OF AMENDMENT:

This plan amendment provides for a supplemental payment for hospital inpatient services for hospitals paid using the diagnosis related group methodology

11. GOVERNOR'S REVIEW (*Check One*):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

X OTHER, AS SPECIFIED: Review delegated
to Commissioner, Department for Medicaid
Services

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME: Elizabeth A. Johnson

14. TITLE: Commissioner, Department for Medicaid Services

15. DATE SUBMITTED: March 31, 2009

16. RETURN TO:

Department for Medicaid Services
275 East Main Street 6W-A
Frankfort, Kentucky 40621

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

22. TITLE:

23. REMARKS:

6. Supplemental Payment for Efficiency and Settlement of Issues

- a. Hospitals paid using the DRG payment system (except those excluded for the reasons specified in this subsection of the plan) shall have the ability to receive, subject to conditions specified in this section, supplemental payments for the calendar quarters beginning with the calendar quarter ending March 31, 2009 and ending with the calendar quarter ending on December 31, 2010.
- b. The aggregate supplemental payments described herein shall not exceed \$195,000,000, less any amount set aside that would have gone to those hospitals that decline the supplemental payment by retaining specified appeal rights.
- c. Each hospital's share of the aggregate pool shall be equal to its proportionate share of the projected historical aggregate cost gap of the DRG hospitals (defined as the difference between costs and Medicaid payments for DRG services for the period July 1, 2004 through June 30th 2007), trended to the midpoint of the January 2009 through December 2010 payment period. The hospital's payment amount shall be divided into 36 equal units and paid on a descending balance basis as follows: first quarter, 8 units; second quarter, 7 units; third quarter, 6 units; fourth quarter, 5 units; fifth quarter, 4 units; sixth quarter, 3 units; seventh quarter, 2 units; and eighth quarter, 1 unit.
- d. Hospitals receiving the Intensity Operating Allowance Supplement as established in this attachment shall not be eligible for the supplement described herein since they are already receiving a supplement which addresses the cost gap.
- e. Any payments made under this supplement provision are subject to the upper payment limits specified in 42 CFR Part 447.